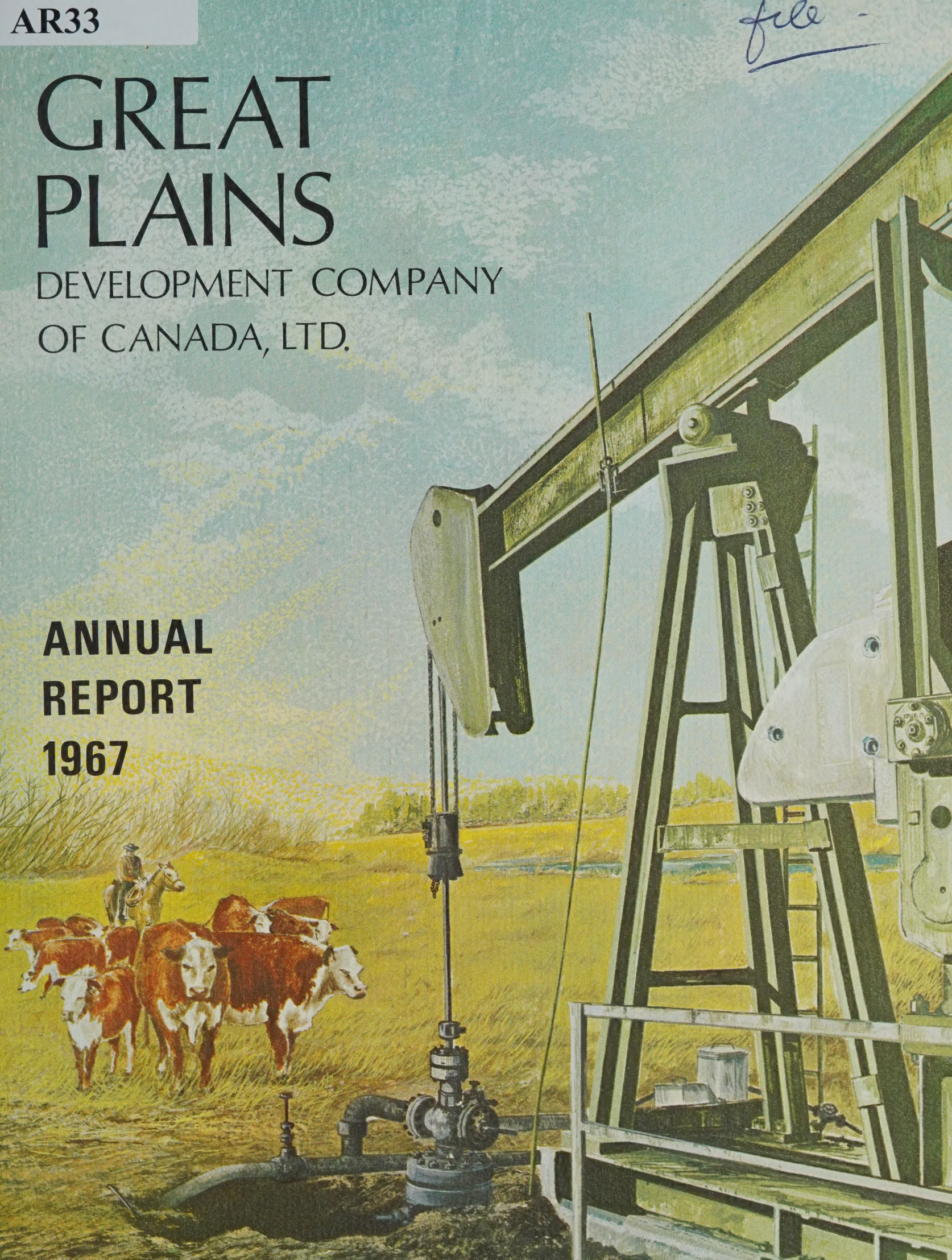


GREAT PLAINS

DEVELOPMENT COMPANY
OF CANADA, LTD.

**ANNUAL
REPORT
1967**



The Annual Meeting of Shareholders will be held at 11:00 a.m. on Thursday, March 14, 1968, in the New Brunswick Room of the Royal York Hotel, Toronto, Canada.

CONTENTS

Financial and Operating Highlights . . .	1
Report to Shareholders	2
Oil and Gas Exploration and Development . . .	5
Production	7
Metals Exploration and Special Projects . . .	8
Reserves	10
Financial Review and Financial Statements . . .	11
Ten-Year Statistical Summary	18
Directors and Officers	20

MAPS:

Arctic Islands	2
Rainbow Lake	5
Birch Hills	6
Saskatchewan Metals	9
Canada	BACK COVER

COVER:

Artist Robert A. Saunders portrays cattle and a pump jack in dramatic juxtaposition — symbolizing the close relationship of the ranching and petroleum industries on the great plains of Canada.



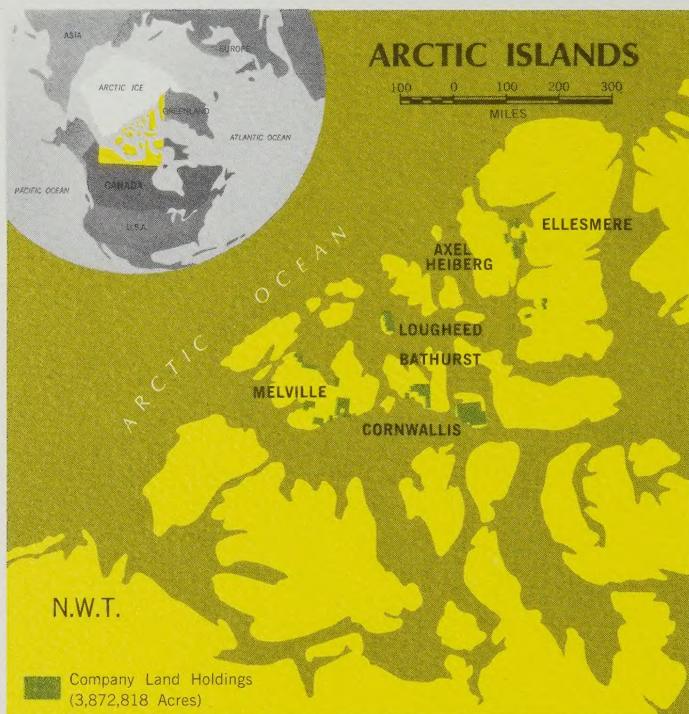
THE YEAR IN BRIEF

FINANCIAL

	1967	1966
Gross income	\$ 8,851,815	\$ 8,165,287
Net income, after provision for deferred income taxes . . .	\$ 3,274,141	\$ 2,811,304
Per share	\$ 1.02	89¢
Dividend	\$ 1,277,746	\$ 1,103,152
Per share	40¢	35¢
Cash generated from operations	\$ 6,379,547	\$ 5,782,878
Per share	\$ 2.00	\$ 1.83
Cash consideration from sale of properties	\$ 1,221,150	\$ 128,000
<i>At Year-End</i>		
Working capital	\$ 668,146	\$ 607,727
Long-term debt	\$ 3,768,308	\$ 4,778,055
Shares outstanding	3,194,364	3,151,864
Shareholders' equity, per share	\$ 13.98	\$ 13.39

OPERATING

Oil and gas liquids production, net barrels	2,782,810	2,833,766
Daily average	7,624	7,764
Gas sales, net millions of cubic feet	8,063	6,818
Daily average	22.1	18.7
Sulphur sales, net long tons	11,181	6,891
<i>At Year-End</i>		
Reserves, net proved:		
Oil and gas liquids, barrels	40,376,000	40,568,000
Gas, millions of cubic feet	337,000	329,000
Sulphur, long tons	466,000	478,000
Total equivalent barrels of reserves	72,329,000	66,325,000



REPORT TO THE SHAREHOLDERS

In 1967, new highs were recorded for gross income, net income and cash generated from operations. Exploration expenditures were at record levels and an increased dividend was declared.

Net Income and Dividend

Net income, after provision for deferred income taxes, was \$3,274,141 or \$1.02 a share, up 15 percent from the 89 cents a share earned in 1966. Cash generated from operations was \$6,379,547 or \$2.00 a share, an increase of 10 percent. With the higher level of net income and cash generated, the annual dividend on the Company's capital stock was increased from 35 to 40 cents a share.

Gross Income and Production

Gross income increased to \$8,851,815, largely because of higher volumes and prices for natural gas, gas liquids and sulphur. Average liquid production for the year was reduced by 238 barrels per day because of a fire at the Harmattan plant, but the resulting loss of income was recovered from insurance. It is interesting to note that 39 percent of Great Plains' revenue was derived from the sale of natural gas, sulphur and gas liquids. Prorated oil accounted for approximately 30 percent of revenue and unprorated oil 31 percent.

In recent years, largely through mergers, Great Plains acquired small interests in numerous properties which contribute little to revenue and add a disproportionately large amount to overhead. Fourteen of these scattered producing properties were sold, as part of a program to consolidate operations. The \$896,670 from these sales and \$324,480 received as partial consideration for an exploration farmout are not included in gross or net income.

Operations

In 1967, expenditures for oil and gas exploration totalled a record \$3.2 million. Most of these funds were used for

land acquisition and geophysical programs in Northern Alberta, South Central Saskatchewan and the Northwest Territories. Land was also acquired and exploration conducted in Ontario and offshore from the east coast. The Company's exploration in new areas is being carried out with Barber Oil Corporation and Noranda Mines Limited, in the Northern Oil Explorers group. The group has committed \$5 million annually for exploration through 1971, with Great Plains having a 40 percent interest in the program.

A recent announcement that Panarctic Oils Ltd. has completed arrangements to explore in the Arctic Islands is of significance to Great Plains. About \$20 million will be expended by Panarctic on an exploration program which includes the drilling of several wells on Great Plains' acreage. The Company holds over 3.8 million acres in the Arctic and is the largest single farmor to Panarctic.

It is three years since an exploration program was started for base metals. To date, much of the field activity has been centered in Northern Saskatchewan, where 344,000 acres were staked following geological studies. The reported discovery of nickel-copper ore in the La Ronge mining district, near some of the Company's properties, has generated considerable interest in Saskatchewan mineral prospects. An agreement has been made with The International Nickel Co. of Canada, Ltd. to conduct exploration on one of Great Plains' properties and a similar agreement is being finalized with another major mining company.

Industry Outlook

At the time of writing, there is still uncertainty as to the eventual outcome of the Carter Commission report on taxation, but indications are that the major recommendations will not be implemented. These recommendations could have been a long-range deterrent to the future of the industry in Canada.

The proposed pipeline extension eastward through the Chicago area will bring new markets within reach. This growth of trade through a continental oil policy is encouraging; further ahead, one can visualize the extension reaching additional markets in Eastern Canada and assuring that area of a secure oil source. The Middle East crisis of 1967 served as another reminder of the uncertainty of foreign oil supply, a condition that will last for many years to come. Canadian oil can readily meet the needs for all of Canada and augment safe overland oil supplies for the United States.

Company Outlook

1968 will be another active exploration year. The land acquisition and preliminary exploration of last year will be followed by an accelerated drilling program.

Expenditures for metal exploration will be considerably increased in the coming year. The Company is also participating in a research program for the transportation of solids by pipeline and continuing with an experimental thermal recovery project at Cold Lake.

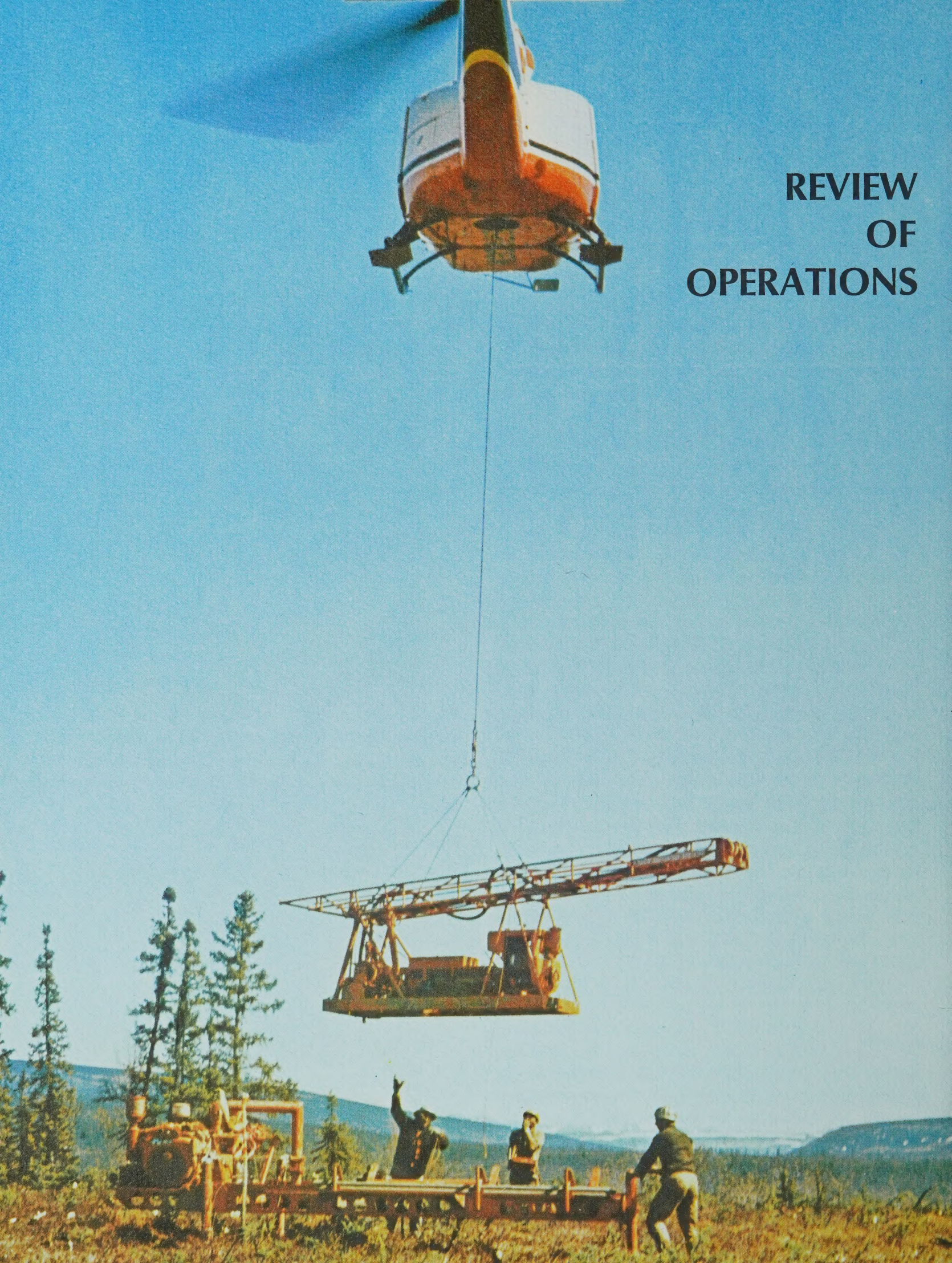
Revenue from present producing properties is expected to at least equal that of 1967. Oil production will decrease because of proration changes, while gas sales are expected to be up slightly and sulphur revenue will increase substantially.

On behalf of the Board,

DAVID E. MITCHELL
President

Calgary, Alberta
January 31, 1968

REVIEW OF OPERATIONS



Moving seismic equipment by helicopter in the Northwest Territories.

OIL AND GAS EXPLORATION AND DEVELOPMENT

Land

In Northern Alberta, several new parcels were acquired and the following blocks of land are now held in this area:

	Acres	
	Gross	Net
Birch Hills	496,590	263,630
Bistcho Lake	102,669	15,929
Caribou	92,160	9,216
Haig	2,560	2,560
Negus	9,600	960
Owl Creek	115,200	17,280
Rat Lake	39,680	19,840
Senex	259,200	21,760
Teepee	19,840	3,968
Zama	2,560	512
	<u>1,140,059</u>	<u>355,655</u>

As the accompanying maps indicate, there will be considerable drilling activity this winter on these tracts.

In Saskatchewan, large acreage blocks were acquired in several areas prospective for Winnipegosis reef and upper Devonian development. Additional petroleum and natural gas rights were also obtained in the Northwest Territories.

For the first time, the Company holds exploratory acreage in Ontario and field studies that will lead to drilling are now being conducted. Other new land holdings of interest are permit blocks acquired offshore from Newfoundland and provincial mineral rights offshore from British Columbia.

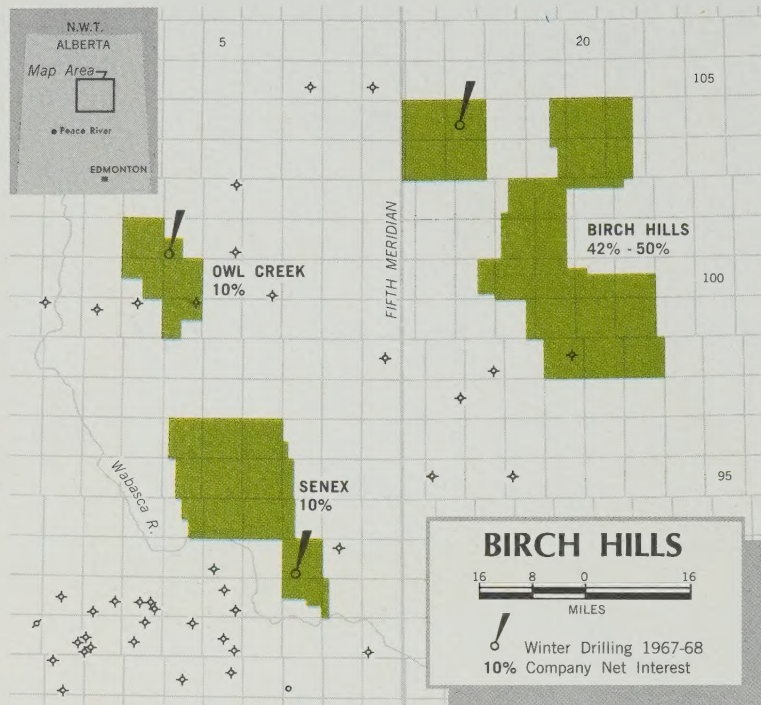
Nearly 2,000,000 acres offshore from Nova Scotia were surrendered after seismic examination. Minor amounts of land in Alberta and British Columbia were also released.

RAINBOW LAKE AREA



LAND HOLDINGS — DECEMBER 31, 1967

	Acres	
	Gross	Net
Alberta	2,331,622	863,551
British Columbia	149,983	52,654
Saskatchewan	1,509,634	595,480
Manitoba	6,553	2,342
Ontario	72,208	28,884
Yukon & Northwest Territories	1,792,183	1,015,536
Arctic Islands	4,447,609	3,872,818
Offshore	803,135	321,257
Total	<u>11,112,927</u>	<u>6,752,522</u>



At year-end the Company held 6,752,522 net acres out of a gross of 11,112,927 acres.

Because of extensive Arctic land holdings, the announcement late in 1967 of a \$20-million joint industry and government exploration venture in the Arctic Islands, is of importance to the Company. Panarctic Oils Ltd., a corporation formed to carry out the venture, will be financed 45 percent by the federal government and 55 percent by private capital participation. Great Plains will participate in the project at no cost, through farmout of its Arctic land to Panarctic Oils. The four-year exploration program, scheduled to begin in 1968, includes several wells on Company land.

Geophysical

Seismic programs were carried out in Alberta, British Columbia, Saskatchewan, Ontario and offshore from the east coast. The Company also participated in various magnetometer and gravity surveys.

Drilling

The Company participated in the drilling of 68 wells of which 25 (7.4 net) were exploratory and 43 (16.7 net) were development. Eleven of the wells were located on acreage farmed-out and drilled at no cost to Great Plains.

Although exploratory drilling was centered in Alberta and Saskatchewan, drilling operations were extended to British Columbia, Manitoba and the Northwest Territories. Small gas discoveries were made in the Judy North, Kobes, Legal and Armada areas of Alberta, and a minor oil discovery was made in Saskatchewan. An interesting oil discovery, on wholly-owned land at Wainwright in Alberta, will be followed up with additional drilling in 1968.

Development drilling resulted in 24 oil wells and 14 gas wells. Fourteen of the oil completions were at Pembina in Alberta and four were at Steelman in Saskatchewan. Seven of the gas wells were in the Calgary field and three at Harmattan.



Seismic shooting in Northern Alberta.

PRODUCTION

Oil and Gas Liquids

Production of crude oil and natural gas liquids averaged 7,624 barrels a day, as compared to 7,764 barrels in the preceding year. A fire at the Harmattan plant reduced 1967 condensate and gas liquid production by 87,000 barrels, or an average of about 238 barrels a day for the year. Nearly all the loss of income from the plant was insured, so only a minor revenue reduction resulted from the shut-down. Repairs are completed and the plant is again producing at full capacity.

Natural Gas and Sulphur

Substantial gains occurred in the production and sales of natural gas and sulphur. Natural gas sales averaged 22.1 million cubic feet a day, an increase of 18 percent. Sulphur sales totalled 11,181 long tons, up 62 percent from the prior year. At year-end sulphur inventories totalled 3,522 long tons, an increase of 2,263 long tons during the year.

The gain in gas sales occurred largely in Minnehik-Buck Lake, where new contract volumes were negotiated. The average price received for natural gas was 18.5 cents an Mcf., up 0.7 cent per Mcf. from last year.

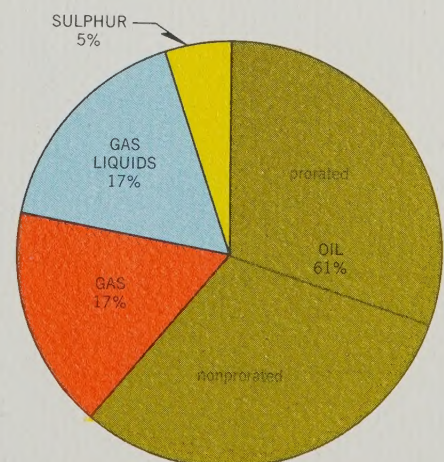
Most of the gain in sulphur sales came from new or enlarged plants at Harmattan and Calgary. The Minnehik-Buck Lake sulphur plant was placed on production during the year. Because of the continuing strong demand for sulphur, the average price realized by the Company advanced to \$36.89 a long ton, double that of the previous year.

Sales of natural gas, gas liquids and sulphur continue to grow in importance to the Company. In 1967, 39 percent of production income came from these products.



The search for oil framed by native white poplar. Drilling in the Rat Lake area.

Production Income 1967



METALS EXPLORATION AND SPECIAL PROJECTS

Base Metals

Extensive staking was done in 1967, the third year of Great Plains' metals exploration program. At year-end, Great Plains held 344,000 acres of ground in Northern Saskatchewan and, as a member of an eastern mining syndicate, participated in the staking of claim blocks in New Brunswick.



Cold Lake steam injection
experimental site.



Solids pipeline research project
near Edmonton.

(ALBERTA GOVERNMENT PHOTO)

In Saskatchewan, interesting low grade copper mineralization was found on two properties and an option was taken on a copper-molybdenum prospect.

The reported copper-nickel discovery at Lac La Ronge, on ground adjoining Great Plains property, is very encouraging for the exploration potential of the area.

An exploration agreement has been negotiated with a major mining company and another is being finalized. Under the agreements, these companies will conduct exploration programs on certain of Great Plains' properties near Lac La Ronge. Great Plains will also be conducting an expanded field program with its own crews.

Thermal Recovery

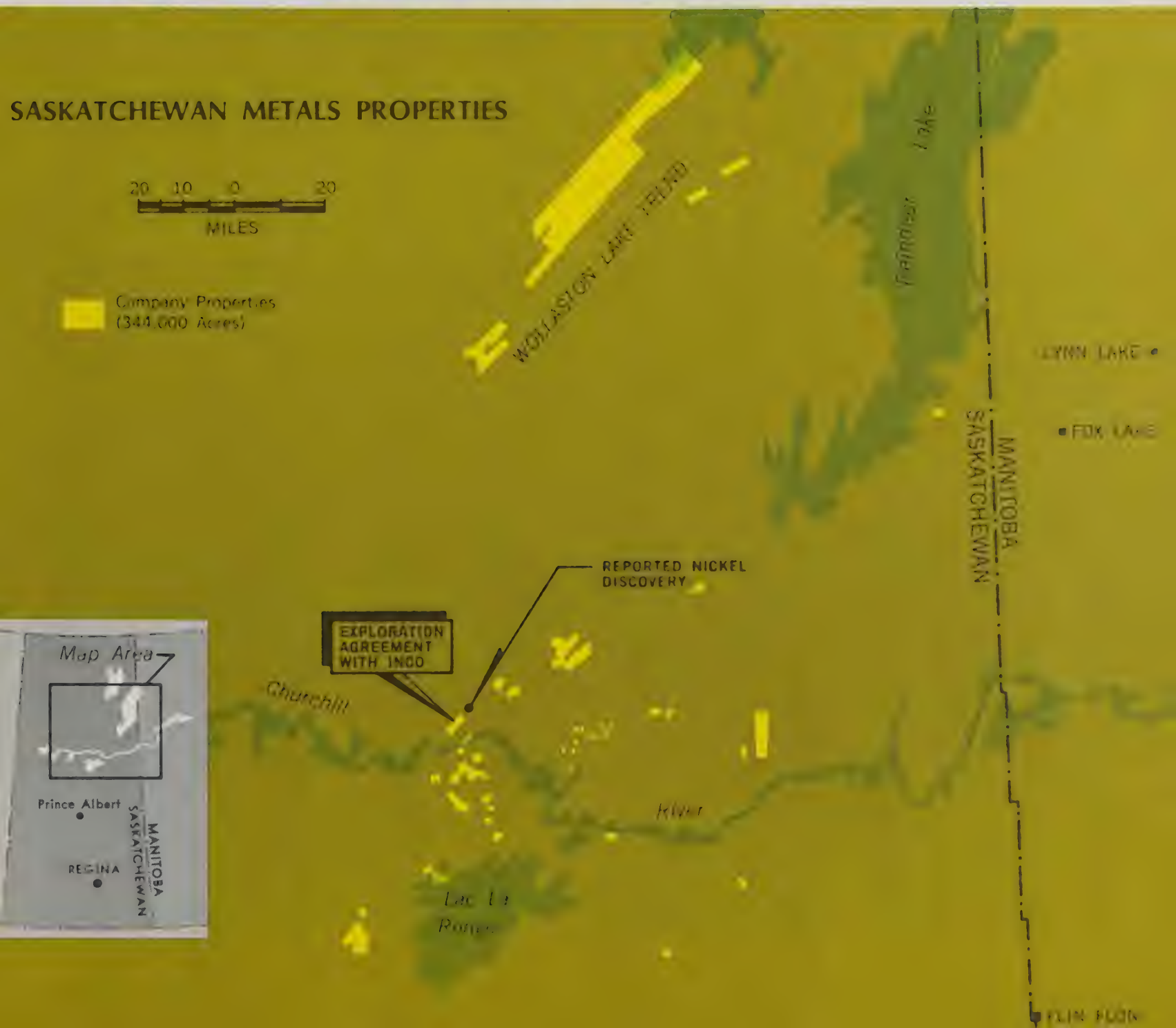
During the year, the first experimental project was concluded and a second one commenced. The new project, involving improved techniques and more wells, is designed to evaluate further the economic feasibility of heavy oil production by thermal means.

Great Plains has a 25 percent interest in another thermal recovery project now being undertaken, at no cost to the Company, on lands farmed-out.

Other Projects

A prospecting permit was acquired on a surface native sulphur occurrence in Northern Alberta. The economics of exploiting these deposits will require considerable study. More than 80 sulphur permits in this area have subsequently been granted to other companies.

Great Plains is participating with 19 other companies and the Alberta and Federal Governments in a solids pipeline research project. Experimentation is now in progress with a 4-inch diameter, 3,500-foot line.



RESERVES

The Company estimates its total net proved reserves as of December 31, 1967, after deduction of interests of partners and royalty, as follows: 30.6 million barrels of crude oil; 9.8 million barrels of condensate and other natural gas liquids; 337,000 million cubic feet of saleable natural gas and 466,000 long tons of sulphur. Using average 1967 values for each product these reserves are equivalent to 72.3 million barrels. Essentially all of the reserves are developed by present wells, and except for Harmattan gas, are on production.

Heavy oil reserves at Cold Lake and the Athabasca Tar Sands are not included in these reserve estimates.

Only those reserves considered proved for commercial production to a high degree of probability are included, the estimates being based on actual well tests, production performance, reasonable interpretations of geologic structure and known continuity of reservoirs. These reserves are considered to be recoverable by primary methods as a result of energy inherent in the reservoirs, except for those fields and reservoirs where pressure maintenance projects are in actual operation.

At Harmattan, where 40 percent of the Company's gas reserve is located, conservation regulations still prohibit the sale of Mississippian gas in order to maintain pressure in the associated oil pools.

PRODUCING PROPERTIES

	Net Wells		1967 Net Production			
	Oil	Gas	Oil Bbls.	Gas Liquids Bbls.	Gas Mmcft.	Sulphur Long Tons
ALBERTA						
Bigoray	13.7		152,214			
Calgary4	1.6	1,427	41,332	1,266	8,688
Drumheller	3.0		34,855			
Hamilton Lake	12.8		64,907			
Harmattan	7.7	4.7	110,490	409,309	*	3,464
Minnehik-Buck Lake8	3.2	1,369	79,537	5,057	1,154
Nevis	6.0	1.6	57,019	1,401	130	105
Normandville	4.9	2.1	58,660		279	
Pembina	137.5	.1	949,651	17,727	395	
Turner Valley	20.7	1.9	56,258	2,794	127	8
Other Areas	21.8	2.1	149,687	5,344	684	25
SASKATCHEWAN						
Illerbrun	2.9		60,712			
Pinto	5.8		30,339		†59	
Steelman	13.8		147,674		†64	
Weyburn	7.4		110,983			
Workman	7.7		85,139			
Other Areas	13.6		48,737		† 2	
Royalty Interests			105,245			
	280.5	17.3	2,225,366	557,444	8,063	13,444

The Company also owns 19.0 net capped gas wells

* Gas is being reinjected after the extraction of liquids

† Casinghead gas



FINANCIAL REVIEW

Net income of the Company and its wholly-owned subsidiaries, after provision for deferred income taxes, attained a record level of \$3,274,141 in 1967, as compared to \$2,811,304 in 1966. Gross income increased 8 percent from \$8,165,287 in 1966 to \$8,851,815 in 1967. Cash generated from operations increased 10 percent from \$5,782,878 to \$6,379,547. These significant gains in 1967 were due to increased gas and sulphur sales and higher product prices.

In determining net income, provision for deferred income taxes is made even though the Company is not currently taxable and sufficient tax credits are available to offset any tax liability for several years. For 1967 this provision for deferred income taxes amounted to \$577,790 and cumulatively totals \$3,776,561. For additional informa-

tion in this regard, refer to Note 6 to the Financial Statements.

During 1967, the Company disposed of its interests in a number of units and other producing leases where its ownership was relatively small. Cash considerations totaling \$896,670 were received for these producing properties. In addition, \$324,480 was received for sale of interests in certain exploration acreage.

An annual dividend was declared for the fourth consecutive year. The dividend, in the amount of 40 cents per share, was paid on January 5, 1968 to shareholders of record on December 5, 1967. Canadian shareholders are entitled to claim a full 20 percent depletion allowance on this dividend. As the Company has the necessary degree of Canadian ownership, the rate of withholding tax to non-residents was 10 percent.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

For the years ended December 31, 1967 and 1966

FUNDS WERE OBTAINED FROM:

	1967	1966
Income	\$ 8,851,815	\$ 8,165,287
Less: Operating, general and administrative and interest expenses	2,472,268	2,382,409
Cash generated from operations	6,379,547	5,782,878
Issue of capital stock	463,755	—
Increase in long-term debt	—	2,375,000
Disposal of properties	1,221,150	128,000
Release of exploration data	—	450,000
	<u>8,064,452</u>	<u>8,735,878</u>

FUNDS WERE USED FOR:

Exploration and development	5,704,281	5,542,860
Repayment of long-term debt	1,009,747	1,146,110
Dividend declared	1,277,746	1,103,152
Miscellaneous	12,259	15,435
	<u>8,004,033</u>	<u>7,807,557</u>

INCREASE IN WORKING CAPITAL	<u>\$ 60,419</u>	<u>\$ 928,321</u>
---------------------------------------	------------------	-------------------

The accompanying notes are an integral part of the financial statements



CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1967

ASSETS	1967	1966
CURRENT ASSETS		
Cash in banks	\$ 217,041	\$ 512,928
Funds on guaranteed deposit	1,300,000	1,000,000
Accounts receivable	2,609,890	2,037,946
Inventories—at lower of cost or market	116,978	216,468
	<u>4,243,909</u>	<u>3,767,342</u>
PROPERTY, PLANT AND EQUIPMENT—at cost (Note 1)		
Petroleum and natural gas properties including exploration and development thereof	58,443,581	54,483,969
Plant, production and other equipment	11,688,201	11,380,597
	<u>70,131,782</u>	<u>65,864,566</u>
Less: Accumulated depletion and depreciation (Note 7)	18,849,962	16,538,261
	<u>51,281,820</u>	<u>49,326,305</u>
OTHER ASSETS		
Prepaid expenses and sundry deposits	232,301	220,042
Investment in pipeline companies, at cost	11,355	11,355
	<u>243,656</u>	<u>231,397</u>
	<u>\$55,769,385</u>	<u>\$53,325,044</u>

The

ND 1966

LIABILITIES		
	1967	1966
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 2,138,717	\$ 1,753,888
Dividend payable	1,277,746	1,103,152
Current portion of long-term debt	159,300	302,575
	<u>3,575,763</u>	<u>3,159,615</u>
LONG-TERM DEBT (Note 3)	<u>3,768,308</u>	<u>4,778,055</u>
DEFERRED INCOME TAXES (Note 6)	<u>3,776,561</u>	<u>3,198,771</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4)		
Authorized		
6,000,000 shares at \$1 each, par value		
Issued and fully paid		
3,194,364 shares (1966—3,151,864)	3,194,364	3,151,864
CONTRIBUTED SURPLUS	24,538,188	24,116,933
EARNED SURPLUS	16,916,201	14,919,806
	<u>44,648,753</u>	<u>42,188,603</u>
Signed on behalf of the Board of Directors:		
Lewis W. MacNaughton, Director		
David E. Mitchell, Director		
	<u>\$55,769,385</u>	<u>\$53,325,044</u>
accompanying notes are an integral part of the financial statements.		

**CONSOLIDATED STATEMENT OF EARNED SURPLUS***For the years ended December 31, 1967 and 1966*

	1967	1966
BALANCE at beginning of year	\$14,919,806	\$13,211,654
Net income for the year	3,274,141	2,811,304
	<u>18,193,947</u>	<u>16,022,958</u>
Dividend declared	1,277,746	1,103,152
BALANCE at end of year	<u>\$16,916,201</u>	<u>\$14,919,806</u>

**CONSOLIDATED STATEMENT OF
CONTRIBUTED SURPLUS***For the years ended December 31, 1967 and 1966*

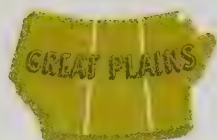
	1967	1966
BALANCE at beginning of year	\$24,116,933	\$24,116,933
Premium on issue of capital stock (Note 4)	421,255	—
BALANCE at end of year	<u>\$24,538,188</u>	<u>\$24,116,933</u>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF INCOME*For the years ended December 31, 1967 and 1966*

	1967	1966
INCOME		
Production income	\$ 8,819,591	\$ 8,151,214
Interest, dividends and other income	32,224	14,073
	<u>8,851,815</u>	<u>8,165,287</u>
EXPENSE		
Operating expense	2,030,235	1,913,495
General and administrative expense	171,104	201,968
Interest expense	270,929	266,946
	<u>2,472,268</u>	<u>2,382,409</u>
CASH GENERATED FROM OPERATIONS	<u>6,379,547</u>	<u>5,782,878</u>
Provision for depletion	2,068,131	2,041,495
Provision for depreciation	459,485	433,977
	<u>2,527,616</u>	<u>2,475,472</u>
NET INCOME BEFORE PROVISION FOR DEFERRED INCOME TAXES	3,851,931	3,307,406
Provision for deferred income taxes (Note 6)	577,790	496,102
NET INCOME FOR THE YEAR	<u>\$ 3,274,141</u>	<u>\$ 2,811,304</u>

The accompanying notes are an integral part of the financial statements.



NOTES TO FINANCIAL STATEMENTS

as at December 31, 1967

1. Principles of Consolidation

Included in the consolidated statements are the accounts of all subsidiaries of the Company. The excess of the consideration paid for the shares of purchased subsidiaries over their net book value at dates of acquisition is included in property, plant and equipment in the consolidated balance sheet.

2. Accounting Policies

The Companies follow the full-cost method of accounting wherein all costs relative to the exploration for and the development of oil, gas and related reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expense, carrying charges of non-producing properties, costs of drilling both productive and unproductive wells, production equipment and gas facilities and all technical and administrative overhead directly associated with these functions. These costs are amortized on the composite unit of production method based on total estimated proved developed reserves. Proceeds received from disposal of properties are credited against such costs.

3. Long-term Debt

Details of the Companies' long-term debt are as follows:

	1967	1966
5¾ % Note payable to an affiliated company . . .	\$1,225,000	\$1,225,000
Production bank loans	2,702,608	3,855,630
	<u>3,927,608</u>	<u>5,080,630</u>
Less amounts included in current liabilities . . .	159,300	302,575
	<u>\$3,768,308</u>	<u>\$4,778,055</u>

Production bank loans mature on or before December 31, 1971, are repayable in monthly installments together with interest at bank prime rates and are secured by an assignment of the Companies' interests in certain producing properties.

4. Capital Stock

At December 31, 1967, 57,500 shares of capital stock are reserved for issuance under an Incentive Stock Option Plan, of which options have been granted to employees, including officers, to purchase 3,500 shares at a price of \$9.90 per share exercisable cumulatively in four equal annual installments up to March 22, 1972. During 1967, 42,500 shares of capital stock were issued for a consideration of \$463,755, on exercise of stock options previously granted, of which \$42,500 has been credited to capital stock and the balance of \$421,255 to contributed surplus.

5. Commitments

Under the terms of an agreement between the Company, Barber Oil Corporation and Noranda Mines Limited, the Company has agreed to expend \$2,000,000 per year for each of the next four years on exploration operations in Canada. Such exploration will be conducted in the name of Northern Oil Explorers Ltd. on behalf of the above participants.

6. Income Taxes

For Canadian income tax purposes, exploration and development expenditures, including costs of oil and gas rights, may be deducted to the extent of income as defined; any excess may be carried forward

to subsequent years. It is the policy of the Companies to claim such maximum allowances together with capital cost allowances (depreciation) which are in excess of the related charges to income. Thus no income taxes are currently payable and sufficient tax credits are available to defer any such payments for several years. However in determining net income the Companies make provision for deferred income taxes at rates which, it is estimated, will be exigible against the aggregate incomes of the Companies for the period from inception into the foreseeable future. Such amounts are credited to "Deferred Income Taxes" and will be taken into income of future years when income taxes payable are in excess of then current provisions.

7. Statutory Information

(a) Direct remuneration paid during 1967 to directors and senior officers (as defined by The Ontario Securities Act) totalled \$159,657, of which \$113,100 was paid to directors as directors and officers of the companies.

(b) Accumulated depletion and depreciation as at December 31, 1967 is as follows:

Depletion of petroleum and natural gas properties	\$16,262,025
Depreciation of plant, production and other equipment	2,587,937
	<u>\$18,849,962</u>

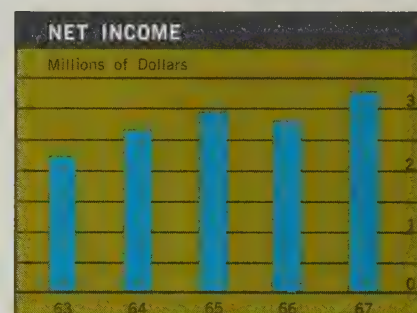
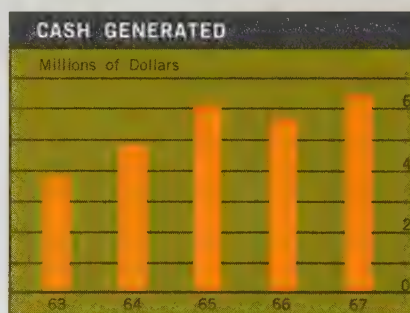
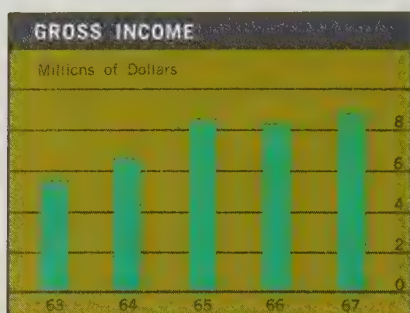
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Great Plains Development Company of Canada, Ltd. and subsidiaries as at December 31, 1967 and the consolidated statements of income, earned surplus, contributed surplus and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1967 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

Calgary, Alberta
January 23, 1968



TEN-YEAR STATISTICAL SUMMARY

FINANCIAL

	1967	1966	1965
Gross income	\$ 8,851,815	8,165,287	8,310,739
Operating expense	\$ 2,030,235	1,913,495	1,742,201
General and administrative expense	\$ 171,104	201,968	200,911
Interest expense	\$ 270,929	266,946	269,923
Cash generated from operations	\$ 6,379,547	5,782,878	6,097,704
Per share	\$ 2.00	1.83	1.93
Net income, after deferred income tax provision	\$ 3,274,141	2,811,304	2,996,900
Per share	\$ 1.02	.89	.95
Dividend declared	\$ 1,277,746	1,103,152	1,103,152
Per share	40¢	35	35
Working capital	\$ 668,146	607,727	(320,594)
Long-term debt	\$ 3,768,308	4,778,055	3,549,165
Shares outstanding	3,194,364	3,151,864	3,151,864
Shareholders' equity per share	\$ 13.98	13.39	12.84

RESERVES

Crude oil, net barrels	30,575,000	31,325,000	29,012,000
Natural gas liquids, net barrels	9,801,000	9,243,000	9,924,000
Natural gas, net millions of cubic feet	337,000	329,000	323,000
Sulphur, net long tons	466,000	478,000	380,000

PROPERTIES

Acres, gross	11,112,927	10,585,756	9,014,205
Net	6,752,522	7,971,958	6,671,516

PRODUCTION

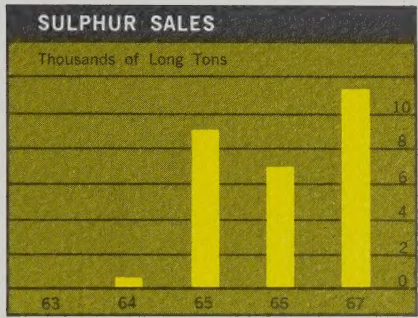
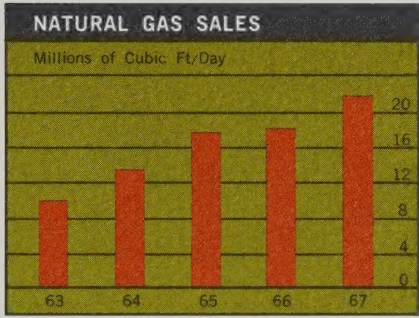
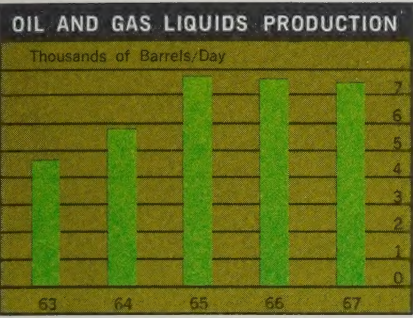
Oil and gas liquids, net barrels	2,782,810	2,833,766	2,848,863
Daily average	7,624	7,764	7,805
Average wellhead price per barrel	\$ 2.45	2.41	2.45
Natural gas, net millions of cubic feet	8,063	6,818	6,656
Daily average	22.1	18.7	18.2
Average wellhead price per Mcf	18.5¢	17.8	17.6
Sulphur sales, net long tons	11,181	6,891	8,877
Average price per long ton	\$ 36.89	17.79	12.75

NET WELLS

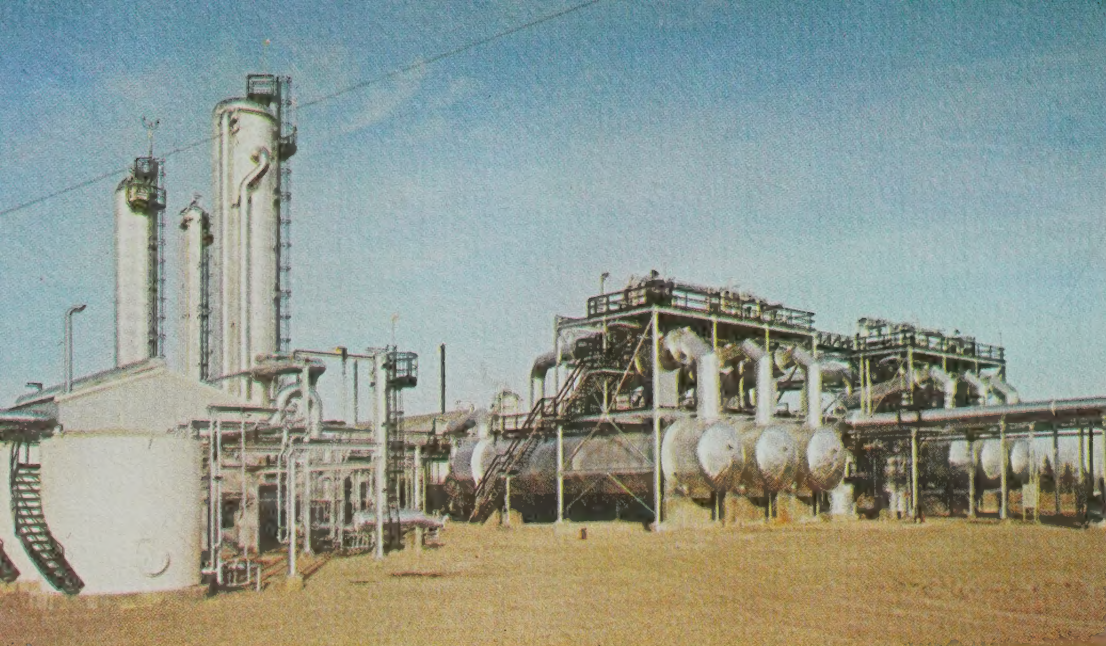
Oil	280.5	280.4	284.2
Gas	36.3	31.6	32.1

EMPLOYEES AND SHAREHOLDERS

Number of employees	97	96	94
Number of shareholders	2,231	2,350	2,195



1964	1963	1962	1961	1960	1959	1958
6,526,700	5,411,449	2,933,257	2,823,525	2,497,289	2,511,159	2,466,931
1,167,930	908,640	477,915	406,241	387,606	367,527	410,742
349,154	340,967	140,464	122,328	86,503	114,031	152,252
92,058	214,768	200,749	256,455	259,699	266,005	275,332
4,917,558	3,947,074	2,114,129	2,038,501	1,763,481	1,763,596	1,628,605
1.63	1.32	1.58	1.65	1.71	1.79	1.68
2,669,715	2,276,395	1,273,882	1,168,205	988,381	978,332	774,092
.88	.76	.95	.95	.96	1.00	.80
906,889	—	—	—	—	—	—
30	—	—	—	—	—	—
1,999,397	9,101,613	6,883,560	5,465,178	3,613,493	3,002,864	2,527,679
—	4,656,000	4,939,500	5,204,500	6,487,500	6,528,000	6,817,500
3,023,064	3,001,314	1,341,092	1,236,092	1,033,442	983,042	971,642
12.34	11.77	11.50	10.14	8.05	6.98	5.91
0,594,000	20,068,000	11,167,000	11,117,000	12,229,000	12,448,000	13,200,000
9,698,000	8,905,000	8,896,000	8,928,000	8,137,000	5,946,000	3,700,000
310,000	269,060	189,300	171,440	158,180	128,489	105,469
306,000	—	—	—	—	—	—
8,029,126	5,698,259	2,043,757	899,365	990,677	1,073,395	987,582
6,034,869	4,238,967	1,637,885	627,232	716,264	685,008	599,698
2,175,537	1,774,683	1,011,417	1,095,044	992,931	983,686	941,912
5,944	4,862	2,771	3,000	2,713	2,695	2,581
2.46	2.48	2.50	2.37	2.34	2.38	2.52
4,902	3,970	1,068	229	—	—	—
13.3	10.8	2.9	.6	—	—	—
17.7	18.0	16.4	13.3	—	—	—
711	—	—	—	—	—	—
8.64	—	—	—	—	—	—
196.0	189.4	80.2	92.0	91.1	77.1	75.2
31.0	26.7	14.1	9.4	7.8	8.4	7.9
94	81	60	62	61	67	76
1,918	1,958	2,319	2,423	2,697	2,804	2,880



**GREAT PLAINS
DEVELOPMENT COMPANY
OF CANADA, LTD.**

a Dominion Company
incorporated in March, 1950

HEAD OFFICE
736 8th Avenue S.W.,
Calgary, Alberta

DIRECTORS

NORMAN J. ALEXANDER
Winnipeg, Manitoba
Managing partner of Richardson Securities of Canada.

WILLIAM A. ARBUCKLE
Montreal, Quebec
Chairman, Canadian Board of The Standard Life Assurance Company.

T. HOWARD ATKINSON
Montreal, Quebec
Retired Vice-President and General Manager of The Royal Bank of Canada.

ROBERT F. BUCHANAN
Calgary, Alberta
Financial Vice-President of the Company.

JOHN A. DRYSDALE
London, England
Executive Director of The Burmah Oil Company Limited.

RANALD H. MACDONALD
New York, N.Y.
Dominick & Dominick Incorporated, Consultant.

LEWIS W. MACNAUGHTON
Dallas, Texas
Chairman of the Board of the Company.

JOHN K. McCAUSLAND
Toronto, Ontario
Vice-President, Wood Gundy Securities Limited.

DAVID E. MITCHELL
Calgary, Alberta
President of the Company.

FREDERICK L. MOORE
New York, N.Y.
Vice-President, Kidder, Peabody & Co. Inc.

ROBERT P. SMITH
London, England
Chairman of the Board and Managing Director,
The Burmah Oil Company Limited.

JOHN F. STRAIN
London, England
Deputy Chairman and Director, The Burmah Oil Company Limited.

H. ROBERT TAINSH
London, England
Director, The Burmah Oil Company Limited.

OFFICERS

LEWIS W. MACNAUGHTON, Chairman of the Board
DAVID E. MITCHELL, President
ROBERT F. BUCHANAN, Financial Vice-President
DENNIS H. SCOTT, Secretary
EDWARD A. EARLE, Assistant Treasurer

REGISTRARS AND TRANSFER AGENTS

MONTREAL TRUST COMPANY
Montreal, Toronto, Winnipeg,
Calgary, Vancouver

THE BANK OF NEW YORK
New York, N.Y.

AUDITORS

**RIDDELL, STEAD, GRAHAM &
HUTCHISON**, Calgary

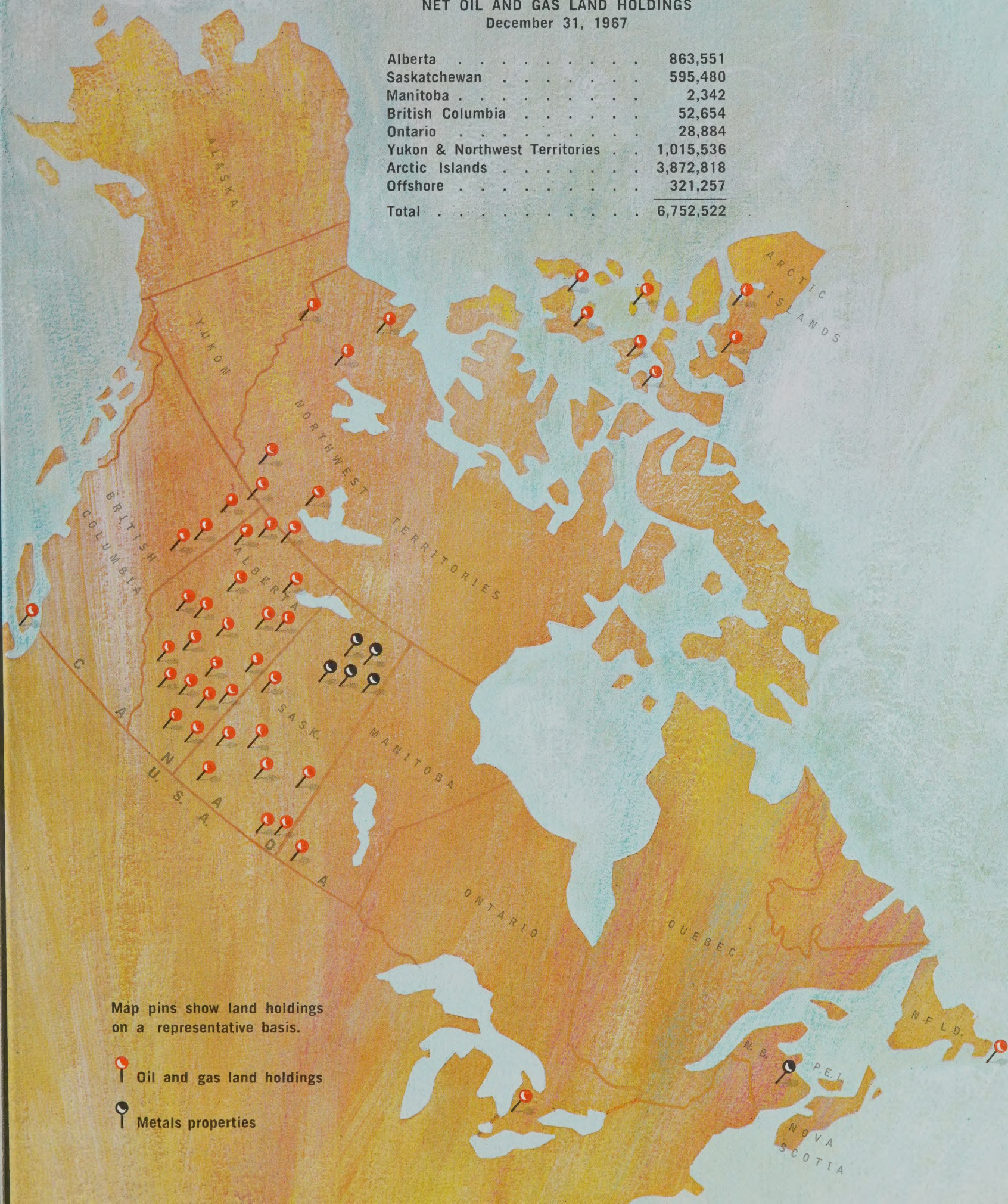
STOCK LISTED

TORONTO STOCK EXCHANGE



GREAT PLAINS DEVELOPMENT COMPANY OF CANADA, LTD.

NET OIL AND GAS LAND HOLDINGS December 31, 1967

Alberta	863,551
Saskatchewan	595,480
Manitoba	2,342
British Columbia	52,654
Ontario	28,884
Yukon & Northwest Territories	1,015,536
Arctic Islands	3,872,818
Offshore	321,257
Total	6,752,522



Map pins show land holdings
on a representative basis.

-  Oil and gas land holdings
-  Metals properties

GREAT PLAINS DEVELOPMENT COMPANY OF CANADA, LTD.



ANNUAL REPORT 1967